



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011
OF THE CONDITION AND AFFAIRS OF THE

Grand Valley Health Plan, Inc.

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) NAIC Company Code 95453 Employer's ID Number 38-2396958

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
 Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization [X]
 Other [] Is HMO, Federally Qualified? Yes [] No [X]

Incorporated/Organized 12/03/1981 Commenced Business 02/05/1982

Statutory Home Office 829 Forest Hill Ave SE, Grand Rapids, MI 49546-2325
 (Street and Number) (City, State and Zip Code)

Main Administrative Office 829 Forest Hill Ave SE, Grand Rapids, MI 49546-2325 616-949-2410
 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 829 Forest Hill Ave SE, Grand Rapids, MI 49546-2325
 (Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 829 Forest Hill Ave SE, Grand Rapids, MI 49546-2325 616-949-9944-122
 (Street and Number) (City, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address gvhp.com

Statutory Statement Contact Pamela Lea Silva, 616-949-9944-122
 (Name) (Area Code) (Telephone Number) (Extension)
silvap@gvhp.com 616-949-9948
 (E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Roland E Palmer</u>	<u>President</u>	<u>Thomas W Schouten</u>	<u>Treasurer/Secretary</u>
<u>Pamela L Silva</u>	<u>Vice President/COO</u>		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>Roland E Palmer</u>	<u>Thomas W Schouten</u>	<u>Daniel Wallace #</u>	<u>Lucille I Grimm</u>
<u>Robert Schirado</u>	<u>Pamela L Silva</u>	<u>Virginia Smith</u>	<u>Herbert A Start</u>
<u>Kathy Lentz</u>			

State of Michigan
County of Kent SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Roland E Palmer
President

Thomas W Schouten
Treasurer/Secretary

Pamela L Silva
Vice President/COO

a. Is this an original filing? Yes [X] No []

b. If no,
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

Subscribed and sworn to before me this
10 day of November, 2011

MJ Pearson,
12/23/2013

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Grand Valley Health Plan, Inc.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds			0	0
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	899,491		899,491	920,136
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$2,553,655), cash equivalents (\$0) and short-term investments (\$1,001,230)	3,554,885		3,554,885	2,730,278
6. Contract loans (including \$premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	946,061		946,061	933,718
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets.....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,400,437	0	5,400,437	4,584,132
13. Title plants less \$charged off (for Title insurers only)			0	0
14. Investment income due and accrued			0	0
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	541,494		541,494	568,464
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	0		0	196,908
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	255,120		255,120	0
18.2 Net deferred tax asset.....	233,000		233,000	302,123
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	2,948		2,948	5,960
21. Furniture and equipment, including health care delivery assets (\$271,764)	275,030	3,266	271,764	280,152
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	115,189		115,189	82,288
24. Health care (\$9,462) and other amounts receivable.....	12,763	3,301	9,462	3,968
25. Aggregate write-ins for other than invested assets	96,369	96,369	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,932,350	102,936	6,829,414	6,023,995
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	6,932,350	102,936	6,829,414	6,023,995
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaids.....	96,369	96,369	0	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	96,369	96,369	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	1,900,742		1,900,742	1,645,592
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	69,118		69,118	59,840
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	614,316		614,316	336,642
9. General expenses due or accrued	1,193,529		1,193,529	632,337
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	49,800		49,800	0
12. Amounts withheld or retained for the account of others	6,744		6,744	3,214
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	68,311		68,311	17,057
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	3,902,560	0	3,902,560	2,694,682
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	312,996	312,996
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	1,212,873	1,212,873
29. Surplus notes	XXX	XXX	500,000	500,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	900,985	1,303,444
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26) \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27) \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	2,926,854	3,329,313
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	6,829,414	6,023,995
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	71,158	68,865	92,572
2. Net premium income (including \$ non-health premium income).....	XXX	22,543,194	21,698,629	29,001,934
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of \$207,945 medical expenses)	XXX	244,641	250,835	322,388
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	22,787,835	21,949,464	29,324,322
Hospital and Medical:				
9. Hospital/medical benefits	110,369	15,606,360	14,795,891	19,588,617
10. Other professional services	53,779	1,346,882	1,416,154	1,902,055
11. Outside referrals			0	0
12. Emergency room and out-of-area	273,101	1,163,607	1,039,939	1,433,192
13. Prescription drugs		3,295,503	3,116,818	4,221,540
14. Aggregate write-ins for other hospital and medical.....	0	28,435	26,602	34,956
15. Incentive pool, withhold adjustments and bonus amounts.....			0	0
16. Subtotal (Lines 9 to 15)	437,249	21,440,787	20,395,404	27,180,360
Less:				
17. Net reinsurance recoveries		(17,280)	310,927	548,097
18. Total hospital and medical (Lines 16 minus 17)	437,249	21,458,067	20,084,477	26,632,263
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ cost containment expenses.....		217,235	158,771	238,499
21. General administrative expenses.....		2,102,559	1,726,711	2,215,167
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22)	437,249	23,777,861	21,969,959	29,085,929
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(990,026)	(20,495)	238,393
25. Net investment income earned		254,208	293,240	386,667
26. Net realized capital gains (losses) less capital gains tax of \$.....			0	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	254,208	293,240	386,667
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(735,818)	272,745	625,060
31. Federal and foreign income taxes incurred	XXX	(359,999)	0	(70,395)
32. Net income (loss) (Lines 30 minus 31)	XXX	(375,819)	272,745	695,455
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401. Other Medical.....		28,435	26,602	34,956
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	28,435	26,602	34,956
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL & SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	3,329,315	2,602,152	2,602,152
34. Net income or (loss) from Line 32.....	(375,819)	272,745	695,455
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....	(80,000)	(69,000)	(303,000)
39. Change in nonadmitted assets.....	53,360	75,390	334,708
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	(402,459)	279,135	727,163
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,926,856	2,881,287	3,329,315
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	22,897,638	22,317,706	29,393,135
2. Net investment income.....	261,090	208,988	261,965
3. Miscellaneous income.....	244,641	242,467	323,419
4. Total (Lines 1 to 3).....	23,403,369	22,769,161	29,978,519
5. Benefit and loss related payments.....	20,864,915	20,239,675	27,749,673
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,744,657	1,908,500	2,740,346
8. Dividends paid to policyholders.....		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	(70,395)
10. Total (Lines 5 through 9).....	22,609,572	22,148,175	30,419,624
11. Net cash from operations (Line 4 minus Line 10).....	793,797	620,986	(441,105)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	0	0	0
12.2 Stocks.....	0	0	0
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	3	264
12.7 Miscellaneous proceeds.....	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	0	3	264
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	0	0	0
13.2 Stocks.....	0	0	0
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	3	78,944
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	3	78,944
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	0	0	(78,680)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	30,810	3,820	(211,923)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	30,810	3,820	(211,923)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	824,607	624,806	(731,708)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,730,278	3,461,986	3,461,986
19.2 End of period (Line 18 plus Line 19.1).....	3,554,885	4,086,792	2,730,278

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Grand Valley Health Plan, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	7,953	71	6,477	.0	.0	.0	1,405	.0	.0	.0
2. First Quarter	7,840	71	6,290	.0	.0	.0	1,479	.0	.0	.0
3. Second Quarter	8,058	75	6,508	.0	.0	.0	1,475	.0	.0	.0
4. Third Quarter	8,166	72	6,631				1,463			
5. Current Year .....	.0									
6. Current Year Member Months	71,158	657	57,252				13,249			
Total Member Ambulatory Encounters for Period:										
7. Physician	20,821	199	16,691				3,931			
8. Non-Physician	7,544	68	6,037				1,439			
9. Total	28,365	267	22,728	.0	.0	.0	5,370	.0	.0	.0
10. Hospital Patient Days Incurred	955	23	772				160			
11. Number of Inpatient Admissions	260	6	210				44			
12. Health Premiums Written(a)	22,919,295	236,775	17,634,776				5,047,744			
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	22,919,295	236,775	17,634,776				5,047,744			
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	21,202,917	195,766	17,059,352				3,947,799			
18. Amount Incurred for Provision of Health Care Services	21,440,787	197,962	17,250,737				3,992,088			

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

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STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Grand Valley Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec. 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	1,462,944	15,155,131	19,900	1,469,850	1,482,844	1,239,191
2. Medicare Supplement .....					.0	.0
3. Dental only .....					.0	.0
4. Vision only .....					.0	.0
5. Federal Employees Health Benefits Plan	355,586	4,229,256	809	410,183	356,395	406,401
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid .....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	1,818,530	19,384,387	20,709	1,880,033	1,839,239	1,645,592
10. Healthcare receivables (a) .....					.0	.0
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9-10+11+12)	1,818,530	19,384,387	20,709	1,880,033	1,839,239	1,645,592

(a) Excludes \$ loans or advances to providers not yet expensed.

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NOTES TO FINANCIAL STATEMENTS

Statement for the Year Ended 9/30/2011 – Grand Valley Health Plan NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. Accounting Practices – The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's) for health organizations except to the extent that state requirements differ.
- B. Use of Estimates – In conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's), the preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results. Estimates that are most susceptible to change in the near term are accounts receivable and the liability for unpaid and unreported claims.
- C. Accounting Policy

Investments (Contingency Reserve) – Pursuant to requirements of the Commissioner of Insurance for the State of Michigan, Grand Valley Health Plan executed a trust indenture. The trust is established to provide for the payment of medical services in the event Grand Valley Health Plan is unable to make payment. The agreement requires trust assets to be a minimum of \$1,000,000. The trust account met or exceeded funding requirements, as specified in the agreement. The trust invests principally in government money market funds, is stated at fair market value, and is included in cash and cash equivalents.

Accounts Receivable – This category represents charges to employer groups and individuals, primarily on open account. Adjustments to customer accounts are made to estimate net realizable amounts with appropriate charges to premium revenues.

Inventories – Inventories consist of pharmaceuticals and are stated at cost (first-in, first-out method).

Property and Equipment – Depreciable assets are stated at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the depreciable assets except for Health Care Delivery assets which are depreciated over a period not to exceed three years in accordance with SSAP 73, and EDP Equipment and Operating System Software which also do not exceed three years per SSAP 79. Non-Operating software is depreciated over the lesser of its useful life or five years per SSAP 79. If not limited by the aforementioned SSAP, the estimated useful lives are listed as follows:

Building and land improvements	5 - 40 years
Medical equipment	5 - 7 years
Office furniture and equipment	5 - 7 years
Electronic data processing equipment	3 - 5 years

These assets are reviewed for impairment when events indicate that the carrying amount may not be recoverable.

Premiums – member premiums are recorded as revenues in the month that members are entitled to services. Premiums collected in advance are recorded as Premiums Received in Advance.

Related Party Transactions – The Company is related with other entities through common ownership and management (see note 10).

Employee Benefit Plans –The Company participates in the parent company's Employee Stock Ownership Plan (ESOP) and 401(k) plans (see note 12). The Company maintains a profit sharing plan and there were no profit sharing contributions to the plan in the period.

NOTES TO FINANCIAL STATEMENTS

Income Taxes – The Company records income tax expense based on the amount of current taxes plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities, using enacted tax rates. Under the statutory basis of accounting some of these deferred assets are considered non-admitted assets and therefore are excluded. The Company is included in the Grand Valley Health Corporation parent company consolidated tax return (see note 9).

In addition, the company uses the following accounting policies:

- 1) Short-term Investments – This category includes deposits in financial institutions and short-term investments with maturities of less than 12 months from the date of acquisition.
 - 2) Bonds – None to report.
 - 3) Common Stock and Additional Paid in Capital – stated at cost.
 - 4) Preferred Stock – None to report.
 - 5) Mortgage Loans (Valuation Basis) – None to report.
 - 6) Securities (Loan-Backed) – None to report.
 - 7) Investment in Subsidiaries – None to report
 - 8) Investment in Joint Ventures, partnerships and LLC's – Other Invested Assets consists of a 30% interest in Leonard Street, LLC. Leonard Street, LLC operates and maintains the building used by Grand Valley Health Plan Radiology, Grand Valley Health Plan Pharmacy, Grand Valley Health Plan Beckwith Family Practice, Grand Valley Health Plan Urgent Care, Grand Valley Health Center OB Center, Grand Valley Surgical Center, LLC, and Orthopaedic Associates of Grand Rapids, PC. The Company accounts for its investment using the equity method of accounting.
 - 9) Derivatives – None to report.
 - 10) Premium Deficiency – None to report.
 - 11) Liabilities for Claims and Claim Adjustment Expenses – Health care costs are accrued as services are rendered, and include fees to physicians, hospitals, pharmacies and other providers for continuing medical care, and payments made on individual claims for which services have been performed including estimates of services performed which have not yet been reported. The reserves for incurred but not reported claims are to cover this estimated medical cost. Claims unpaid and unpaid adjustment expenses include amounts determined from individual case estimates, claim reports, and an amount for claims incurred but not reported based on past experience. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual member utilization of health care services, the amount of charges, and other factors. While management believes the amount to be adequate, the ultimate liability may be in excess of or less than the amount estimated in these financial statements. The Company limits a portion of their liability through stop-loss insurance. The methods for making estimates and for establishing the claims adjustment expense reserve are continually reviewed and any adjustments are reflected as determined in the periodic financial statements.
 - 12) Capitalization policy – The Company has not modified its capitalization policy from the prior year.
 - 13) Pharmaceutical rebate receivables are not estimated as they are generally not admitted and therefore not material.
2. Accounting Changes and Corrections of Errors – None to report.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill – None to report.
4. Discontinued Operations – None to report.
5. Investments
 - A. Mortgage Loans – None to report.
 - B. Debt Restructuring – None to report.
 - C. Reverse Mortgages – None to report.
 - D. Loan-Backed Securities – None to report.
 - E. Repurchase Agreements – None to report.
 - F. Real Estate - The Company continues to own one of its six health centers located in Wyoming, Michigan a suburb of Grand Rapids, Michigan.
 - G. Low-Income Housing Tax Credits – None to report.
6. Joint Ventures, Partnerships and Limited Liability Companies – There are no investments that exceeded 10% of the admitted assets of the Company and there are no impaired investments.
7. Investment Income – None to report.
8. Derivatives – None to report.
9. Income Taxes

- A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	Sep 30, 2011	Dec 31, 2010
1) Total of gross deferred tax assets	\$233,000	\$313,000
2) Total of deferred tax liabilities	<u>0</u>	<u>0</u>
3) Net deferred tax asset	233,000	313,000
4) Deferred tax asset non-admitted	<u>0</u>	<u>(10,877)</u>
5) Net admitted deferred tax asset	233,000	302,123
6) (Increase)decrease in non-admitted asset	\$ 10,877	\$369,477

The company is not electing to admit DTA's pursuant to paragraph 10.e. SSAP No. 10R, Income Taxes - A Temporary Replacement of SSAP No. 10.

- B. Deferred Tax Liabilities – None to report.

- C. Current income taxes incurred consist of the following major components:

	Sep 30, 2011	Dec 31, 2010
Federal income taxes	\$(255,120)	\$(70,395)
2010 FIT True-up	\$(104,879)	\$ 0
Total Current Income Taxes	\$(359,999)	\$(70,395)

The main components of the deferred tax amounts and changes therein are as follows:

Deferred tax assets:	Sep 30, 2011	Dec 31, 2010	Change
Accrued Vacation	\$ 47,000	\$ 47,000	\$ 0
IBNR not pd at 3-15-xx	126,000	206,000	(80,000)
NOL;s remaining	0	3,000	(3,000)
NTV vs NBV fixed assets	<u>60,000</u>	<u>57,000</u>	<u>3,000</u>
Total deferred tax assets	233,000	313,000	(80,000)
Nonadmitted deferred tax assets	<u>0</u>	<u>(10,877)</u>	<u>10,877</u>
Admitted deferred tax assets	\$233,000	\$ 302,123	\$(69,123)

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Sep 30, 2011	Effective Tax Rate
Provision computed at statutory rate	\$(250,178)	(34.0)%
add'l deduction IBNR pd by 3-15	(7,989)	(1.0)

NOTES TO FINANCIAL STATEMENTS

2010 FIT true-up add'l tax benefit	(104,879)	(14.3)
Nondeductible items	<u>3,047</u>	<u>.4</u>
Total	<u>\$(359,999)</u>	<u>(48.9)%</u>
Federal income taxes incurred	\$(279,999)	(38.0)%
Change in deferred tax	<u>(80,000)</u>	<u>(10.9)</u>
Total statutory income taxes	<u>\$(359,999)</u>	<u>(48.9)%</u>

E. There are no NOL carryforwards available to offset future taxable income.

F. The company's federal income tax return is consolidated as follows:

- 1) The entities that are consolidated for federal income tax purposes are Grand Valley Health Plan, Inc., Grand Valley Health Management Inc., Grand Valley Health Facilities Inc., Grand Valley Technology Services, LLC, and Grand Valley Health Corporation.
- 2) These entities have agreed that the amount of a consolidated NOL that is attributable to a Member is determined by a fraction, the numerator of which is the separate NOL of the Member and the denominator of which is the sum of the separate NOL's of all other Members. For this purpose, the separate NOL of a Member is determined by computing the consolidated NOL by taking into account only the Member's items of income, gain, deduction, and loss, including the Member's losses and deductions actually absorbed by the group in the taxable year.

10. Information Concerning Parent, Subsidiaries, and Affiliates

- A. Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Health Facilities, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation and primarily manages buildings utilized by Grand Valley Health Plan. Grand Valley Health Management is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Surgical Center, LLC is partially owned by Grand Valley Health Management (54%) and Grand Valley Health Corporation (46%). Grand Valley Technology Services, LLC is 68% owned by Grand Valley Health Corporation and 32% owned by other investors. All of the above relationships are based upon arms length transactions.
- B. Any above mentioned Grand Valley Company may occasionally pay general accounts payable where a portion of the expense is appropriately charged to one of the other members of the holding company, and any above-mentioned Grand Valley company (except the Grand Valley Surgical Center) may be subject to the effect of the tax allocation agreement described in footnote 9. All charges are generally approved and settled by the corresponding entity typically within 30 days.
- C. The total recurring charges due to Grand Valley Health Plan in 2011 for the transactions in letter F below were \$173,088 – Grand Valley Health Corp. \$16,497 – Grand Valley Health Management \$0 – Grand Valley Health Facilities \$132,111 – Grand Valley Technology Services \$10,980 - Grand Valley Surgical Center \$13,500. The total recurring charges due from Grand Valley Health Plan in 2011 for the transactions in letter F below were \$2,349,976 - Grand Valley Health Corporation \$477,216 – Grand Valley Health Management \$0 – Grand Valley Health Facilities \$1,133,541 – Grand Valley Technology Services LLC \$739,219 - Grand Valley Surgical Center, LLC \$0.
- D. At Sep 30, 2011 receivables from affiliates totaled \$115,189 as follows: Grand Valley Health Corporation - \$111,436, Grand Valley Health Management - \$148, Grand Valley Health Facilities - \$0, Grand Valley Technology Services – \$2,972 and Grand Valley Surgical Center - \$633. At Sep 30, 2011 net liabilities from affiliates totaled \$68,311 as follows: Grand Valley Health Corporation - \$64,466, Grand Valley Health Management - \$0, Grand Valley Health Facilities - \$418, Grand Valley Technology Services \$3,427 and Grand Valley Surgical Center, LLC \$0.
- E. Guarantees - None to report.
- F. Grand Valley Health Plan, Inc. under agreement pays Grand Valley Health Corporation for management services primarily for the Chief Executive Officer and staff, the Financial staff,

NOTES TO FINANCIAL STATEMENTS

and the Corporate Human Resources department. Grand Valley Health Plan pays Grand Valley Health Facilities for rental and other facility related expense reimbursements. Grand Valley Health Plan under agreement charged Grand Valley Surgical Center, LLC administrative (credentialing) and pharmacy services. Grand Valley Technology Services provides technology solutions to Grand Valley Health Plan for its insurance and medical management practices.

- G. Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation a holding company, domiciled in the State of Michigan.
- H. None.
- I. Grand Valley Health Plan, Inc. owns a 30% interest in Leonard Street, LLC, whose carrying value is equal to or exceeds 10% of the admitted assets of Grand Valley Health Plan, Inc. The company accounts for its investment using the equity method of accounting.

Based on Grand Valley Health Plan Inc.'s ownership percentage of Leonard Street, LLC, the statement value of Leonard Street, LLC assets and liabilities as of Sep 30, 2011 were \$2,573,214 and \$1,627,153, respectively.

Grand Valley Health Plan, Inc.'s share of net income of Leonard Street, LLC was \$143,321 for the nine months ended Sep 30, 2011.

- J. Grand Valley Health Plan, Inc. did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. None.
- L. None.

11. Debt – None to report.

12. Retirement Plans, Deferred Compensation, Post-retirement Benefits, and Compensated Absences and Other Post-retirement Benefits Plans - The Company participates in an Employee Stock Ownership Plan (ESOP) covering substantially all employees of the Company that meet eligibility requirements. The Plan invests primarily in the common stock of its parent company, Grand Valley Health Corporation. The Company accrued ESOP contributions of \$245,964 during 2011. The Company maintains a 401(k) plan that provides for matching contributions per Board discretion. The Company accrued 401(k) plan matching contributions of \$37,841 during 2011. There are no deferred compensation plans and no other post-retirement plans. Compensated absences are accrued to cover unused vested vacation days.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) The company has 400,000 shares of Common Stock authorized, 312,996 shares issued and outstanding. The par value is \$1.00, coupled with Additional Paid-in-Capital of \$1,212,873.
- 2) The Company has no preferred stock outstanding.
- 3) There were no dividend restrictions during the year.
- 4) There were no dividends authorized or paid during the year.
- 5) There were no profits available for dividends.
- 6) There are no restrictions placed on surplus funds except for the Surplus Note.
- 7) The amount of the Surplus Note not repaid is \$500,000.
- 8) There is no stock of the Company held for special purposes.
- 9) There are no special surplus funds other than the Surplus Note that did not change during the year.
- 10) There is no portion of the unassigned surplus funds that has been represented by or reduced for any purpose.
- 11) On February 28, 2001 the Company received an additional \$500,000 in capital from its parent. Principal and interest payments on this Surplus Note shall only be repaid out of the surplus earnings of the Company and with prior written approval of the State of Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services, Division of Insurance. Interest is at the rate of eight and one-half percent per annum, computed annually and not compounded. Subject to the prior written approval of the Board of Directors of Grand Valley Health Plan and the prior written

NOTES TO FINANCIAL STATEMENTS

approval of the Michigan Insurance Division, interest shall be paid annually from earned surplus until the entire principal amount is paid in full. If Grand Valley Health Plan does not pay interest in any year, the interest shall be non-cumulative and will neither be paid nor accrued for future payment. The surplus note does not have a stated maturity or repayment date. There were no principal and/or interest payments during the period. The surplus note is expressly subordinated to claims of creditors and members of Grand Valley Health Plan and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority. There has not been a quasi-reorganization of the Company.

- 12) There was no quasi-reorganization.
- 13) There is no effective date of quasi-reorganization.

14. Contingencies - The Company is periodically involved in professional liability claims arising from its medical practice, which are defended and handled in the ordinary course of business. Management believes there is no liability outstanding. The management does not believe there are any other general liabilities outstanding. The Company is not under investigatory controls of the Michigan Office of Financial and Insurance Services. The Company is in full compliance with prior agreements and orders of the Michigan Office of Financial and Insurance Services.
15. Leases
- A. Lessee Operating Leases
- 1) The Company has operating leases for health centers, medical facilities, and an administrative office from various entities, which are considered related parties. These non-cancelable leases contain various renewal options subject to increases in the monthly rental payments. Lease terms expire at various dates through 2013. These leases require the Company to pay all utilities, maintenance and taxes. Total expense amounted to \$1,133,541 as of Sep 30, 2011.
 - 2) Future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2011	\$368,967
2012	350,174
2013	87,543
 - 3) The company is not involved in any material sales – leaseback transactions.
- B. Lessor Leases – None to report.
16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – None to report.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – None to report.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – None to report.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – None to report.
20. Other Items – None to report.
21. Events Subsequent – There were no Type I or Type II subsequent events.
22. Reinsurance – The Company limits a portion of its medical claims liability through stop-loss insurance. Under the terms of this agreement, the insurance company will reimburse approximately 90% of the cost of each member’s applicable annual services per reinsurance contract in excess of \$250,000, up to a specific annual stop-loss benefit per member of \$2,000,000. At Sep 30, 2011, the Company has recorded a receivable under this agreement in the amount of \$0. There was no uncollectible reinsurance written off during the quarter.
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination – None to report.
24. Change in Incurred Claims and Claim Adjustment Expenses – None to Report.
25. Inter-company Pooling Arrangements – None to report.

NOTES TO FINANCIAL STATEMENTS

26. Structured Settlements – None to report.

27. Health Care Receivables – At Sep 30, 2011 the identified pharmacy rebates recorded as healthcare receivables are \$0.

A. Pharmaceutical Rebate Receivables						
Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Estimated Pharmacy Rebates for previous 3 months	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
9/30/2011	0	0	0	10,851	1,234	6,685
6/30/2011	0	0	0	8,565	11,678	3,658
3/31/2011	0	0	0	0	8,811	820
12/31/2010	0	0	0		8,237	7,531
9/30/2010	0	0	0	9,008	5,530	4,906
6/30/2010	0	0	0	7,907	13,049	54
3/31/2010	0	0	0	7,412	14,927	254
12/31/09	0	0	0	0	6,861	14,545
9/30/2009	0	0	0	0	23,882	1,261
6/30/2009	0	0	0	5,325	7,025	10,263
3/31/2009	0	0	0	6,784	13,954	4,513
12/31/2008	0	0	0	10,343	11,653	7,665
*The estimated pharmacy rebates as reported on the financial statements includes confirmed rebates that were actually received within 90 days and an estimate of the previous 3 months filled perscriptions.						
Per SSAP 84.						

28. Participating Policies – None to report.

29. Premium Deficiency Reserves – None to report, per certification from actuary included herein.

Anticipated Salvage and Subrogation - None to report.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/22/2010
- 6.4 By what department or departments?
Michigan Office of Financial & Insurance Regulation
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] NA []
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
.....
- 9.2 Has the code of ethics for senior managers been amended?..... Yes [] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
.....
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes [X] No []
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$111,436

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]
- 11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
13. Amount of real estate and mortgages held in short-term investments: \$

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []
- 14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$933,717	\$946,061
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$933,717	\$946,061
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes No

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Chemical Bank.....	Grand Rapids, Michigan.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes No

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes No

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH

1.		1 Amount
	1. Operating Percentages:	
	1.1 A&H loss percent.....	95.2%
	1.2 A&H cost containment percent.....	0.0%
	1.3 A&H expense percent excluding cost containment expenses.....	95.2%
	2.1 Do you act as a custodian for health savings accounts?	Yes [] No [X]
	2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$.....
	2.3 Do you act as an administrator for health savings accounts?	Yes [] No [X]
	2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$.....

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Grand Valley Health Plan, Inc.

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

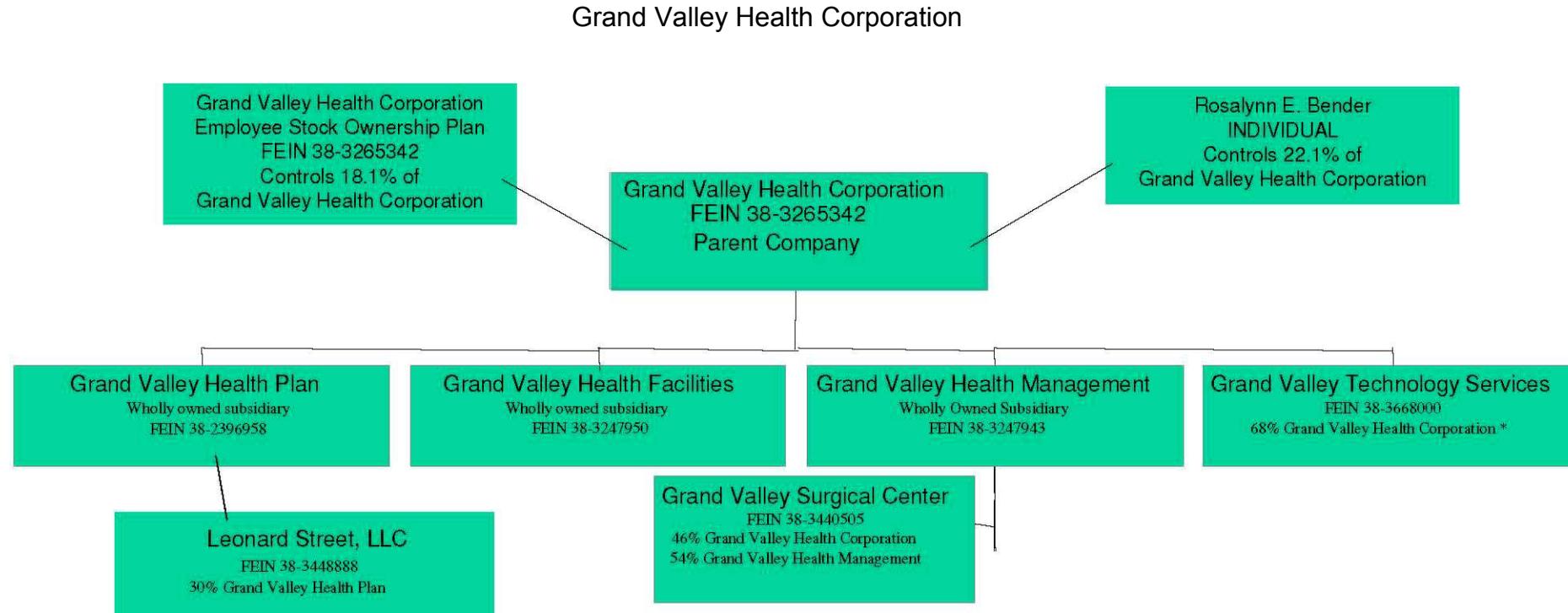
Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N							0	
2. Alaska	AK	N							0	
3. Arizona	AZ	N							0	
4. Arkansas	AR	N							0	
5. California	CA	N							0	
6. Colorado	CO	N							0	
7. Connecticut	CT	N							0	
8. Delaware	DE	N							0	
9. Dist. Columbia	DC	N							0	
10. Florida	FL	N							0	
11. Georgia	GA	N							0	
12. Hawaii	HI	N							0	
13. Idaho	ID	N							0	
14. Illinois	IL	N							0	
15. Indiana	IN	N							0	
16. Iowa	IA	N							0	
17. Kansas	KS	N							0	
18. Kentucky	KY	N							0	
19. Louisiana	LA	N							0	
20. Maine	ME	N							0	
21. Maryland	MD	N							0	
22. Massachusetts	MA	N							0	
23. Michigan	MI	L	17,871,551			5,047,744			22,919,295	
24. Minnesota	MN	N							0	
25. Mississippi	MS	N							0	
26. Missouri	MO	N							0	
27. Montana	MT	N							0	
28. Nebraska	NE	N							0	
29. Nevada	NV	N							0	
30. New Hampshire	NH	N							0	
31. New Jersey	NJ	N							0	
32. New Mexico	NM	N							0	
33. New York	NY	N							0	
34. North Carolina	NC	N							0	
35. North Dakota	ND	N							0	
36. Ohio	OH	N							0	
37. Oklahoma	OK	N							0	
38. Oregon	OR	N							0	
39. Pennsylvania	PA	N							0	
40. Rhode Island	RI	N							0	
41. South Carolina	SC	N							0	
42. South Dakota	SD	N							0	
43. Tennessee	TN	N							0	
44. Texas	TX	N							0	
45. Utah	UT	N							0	
46. Vermont	VT	N							0	
47. Virginia	VA	N							0	
48. Washington	WA	N							0	
49. West Virginia	WV	N							0	
50. Wisconsin	WI	N							0	
51. Wyoming	WY	N							0	
52. American Samoa	AS	N							0	
53. Guam	GU	N							0	
54. Puerto Rico	PR	N							0	
55. U.S. Virgin Islands	VI	N							0	
56. Northern Mariana Islands	MP	N							0	
57. Canada	CN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		17,871,551	0	0	5,047,744	0	0	22,919,295	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		17,871,551	0	0	5,047,744	0	0	22,919,295	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible – Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1. 
9 5 4 5 3 2 0 1 1 3 6 5 0 0 0 0 3

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	920,137	948,913
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....	0	0
2.2 Additional investment made after acquisition.....	0	0
3. Current year change in encumbrances.....	0	0
4. Total gain (loss) on disposals.....	0	0
5. Deduct amounts received on disposals.....	0	0
6. Total foreign exchange change in book/adjusted carrying value.....	0	0
7. Deduct current year's other than temporary impairment recognized.....	0	0
8. Deduct current year's depreciation.....	20,646	28,776
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....	899,491	920,137
10. Deduct total nonadmitted amounts.....	0	0
11. Statement value at end of current period (Line 9 minus Line 10).....	899,491	920,137

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....	0	0
2.2 Additional investment made after acquisition.....	0	0
3. Capitalized deferred interest and other.....	0	0
4. Accrual of discount.....	0	0
5. Unrealized valuation increase (decrease).....	0	0
6. Total gain (loss) on disposals.....	0	0
7. Deduct amounts received on disposals.....	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees.....	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....	0	0
10. Deduct current year's other than temporary impairment recognized.....	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....	0	0
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....	0	0
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	933,718	779,210
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....	0	0
2.2 Additional investment made after acquisition.....	0	0
3. Capitalized deferred interest and other.....	12,343	154,508
4. Accrual of discount.....	0	0
5. Unrealized valuation increase (decrease).....	0	0
6. Total gain (loss) on disposals.....	0	0
7. Deduct amounts received on disposals.....	0	0
8. Deduct amortization of premium and depreciation.....	0	0
9. Total foreign exchange change in book/adjusted carrying value.....	0	0
10. Deduct current year's other than temporary impairment recognized.....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	946,061	933,718
12. Deduct total nonadmitted amounts.....	0	0
13. Statement value at end of current period (Line 11 minus Line 12).....	946,061	933,718

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	0	0
2. Cost of bonds and stocks acquired.....	0	0
3. Accrual of discount.....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration for bonds and stocks disposed of.....	0	0
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11).....	0	0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE Grand Valley Health Plan, Inc.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	.0				.0	.0	.0	.0
2. Class 2 (a).....	.0				.0	.0	.0	.0
3. Class 3 (a).....	.0				.0	.0	.0	.0
4. Class 4 (a).....	.0				.0	.0	.0	.0
5. Class 5 (a).....	.0				.0	.0	.0	.0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	0	0	0	0	0	0	0	0
PREFERRED STOCK								
8. Class 1.....	.0				.0	.0	.0	.0
9. Class 2.....	.0				.0	.0	.0	.0
10. Class 3.....	.0				.0	.0	.0	.0
11. Class 4.....	.0				.0	.0	.0	.0
12. Class 5.....	.0				.0	.0	.0	.0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	0	0	0	0	0	0	0	0

NONE

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	1,001,230	XXX	1,000,000	0	828

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,350,402	1,000,138
2. Cost of short-term investments acquired		350,000
3. Accrual of discount.....		0
4. Unrealized valuation increase (decrease).....	828	264
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	350,000	0
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	1,001,230	1,350,402
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	1,001,230	1,350,402

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

Schedule E - Part 2 - Cash Equivalents
NONE